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SC PUBLIC SERVICE
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Laura Bateman
Carolinas Rates & Regulatory Strategy
410 S. Wilmington Street
Raleigh, NC 27601

919.546.3324
Laura.Bateman@duke-energy.com

February 25, 2015

Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, SC 29211

Dear Mrs. Boyd:

Enclosed per Docket No. 1988-11-E is the quarterly report of Duke Energy Progress, LLC for the twelve months ending December 31, 2014. Debt coverage ratio of earnings to Fixed Charges was 3.21 for this time period.

Please feel free to contact me at 919.546.3324 if you have any questions.

Sincerely,

Laura Bateman
Carolinas Rates & Regulatory Strategy
Duke Energy

Enclosures

pc: Mr. John Flitter, Director
Electric & Gas Regulation
Office of Regulatory Staff

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, James D. Wiles, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

James D. Wiles
Signature of Person Making Verification

James D. Wiles
Typed or Printed Name of Person Signing

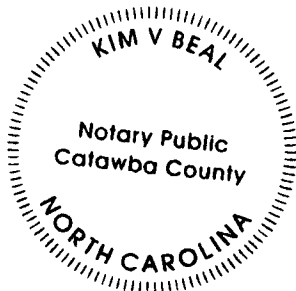
Director Regulated Accounting
Title

February 19, 2015
Date Signed

Subscribed and sworn to before me this 19 day of February, 2015.

Kim V. Beal
Notary Public

My Commission Expires: October 24, 2019



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CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Clark S. Gillespy, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Clark S. Gillespy
Signature of President

Clark S. Gillespy
Typed or Printed Name of Person Signing

State President, Duke Energy South Carolina
Title

02/18/15
Date Signed

Subscribed and sworn to before me this 18 day of February, 201⁵.

Beth C. O'Shields
Notary Public

My Commission Expires: 4-16-2024

Duke Energy Progress
Electric Operating Experience - Total Company & SC Retail
Twelve Months Ended December 31, 2014

Schedule 1

Line No.	Description	Total Company				SC Retail			
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	
(Col. 1)		(Col. 2)	(Col. 3)	(Col. 4)		(Col. 5)	(Col. 6)	(Col. 7)	
		\$	\$	\$		\$	\$	\$	
1	Operating Revenues	5,171,993,381	(108,437,294)	5,063,556,087		580,253,816	(20,134,627)	560,119,189	
2	Operating Expenses								
3	O&M Expenses - Fuel	1,539,814,241	-	1,539,814,241		178,534,841	-	178,534,841	
4	O&M Expenses - Other	1,968,576,264	(79,272,678)	1,889,303,586		216,471,604	(11,167,220)	205,304,384	
5	Depreciation & Amortization Expenses	554,137,841	88,463,410	642,601,251		56,525,457	9,060,717	65,586,174	
6	Taxes Other Than Income	172,059,310	969,859	173,029,169		14,922,789	(159,641)	14,763,147	
7	Income Tax - State	18,734,681	(9,680,855)	9,053,826		2,311,380	(1,100,015)	1,211,365	
8	Income Tax - Federal	(167,497,970)	(31,792,510)	(199,290,480)		(20,664,956)	(4,805,454)	(25,470,413)	
9	Deferred Taxes	420,449,246	1,510,267	421,959,513		51,872,665	168,664	52,041,329	
10	Investment Tax Credit	(6,732,891)	-	(6,732,891)		(752,946)	-	(752,946)	
11	Total Operating Expenses	4,499,540,722	(29,802,507)	4,469,738,216		499,220,833	(8,002,951)	491,217,883	
12	Operating Return	672,452,659	(78,634,787)	593,817,871		81,032,983	(12,131,676)	68,901,307	
13	Customer Growth	6,367,427	(744,590)	5,622,837		155,607	(23,296)	132,311	
14	Interest on Customer Deposits (After Taxes)	(8,531,886)	-	(8,531,886)		(634,299)	-	(634,299)	
15	Total Income for Return	670,288,199	(79,379,377)	590,908,822		80,554,291	(12,154,972)	68,399,318	
16	Rate Base								
17	Plant in Service	20,605,218,921	143,762,434	20,748,981,355		2,336,009,246	10,481,050	2,346,490,296	
18	Reserve for Depreciation	(9,433,530,290)	(12,431,170)	(9,445,961,460)		(1,095,482,702)	(301,041)	(1,095,783,743)	
19	Net Plant	11,171,688,631	131,331,264	11,303,019,896		1,240,526,544	10,180,010	1,250,706,553	
20	Construction Work in Progress	-	613,333,000	613,333,000		70,592,782	(49,138,252)	28,273,728	
21	Other Rate Base	441,682,366	(386,909,815)	54,772,551		77,411,980	-	37,118,186	
22	Total Working Capital	339,189,836	-	339,189,836		37,118,186	(1,385,019)	146,693,991	
23	Materials & Supplies	1,508,657,069	(12,442,454)	1,496,214,615		148,079,010	39,313,268	(290,510,618)	
24	Accumulated Deferred Income Taxes	(2,924,894,932)	317,898,977	(2,606,995,955)		(329,823,887)			
25	Total Rate Base	10,536,322,971	663,210,973	11,199,533,943		1,173,311,833	69,562,789	1,242,874,622	
26	Rate of Return	6.36%		5.28%		6.87%		5.50%	
27	Return on Equity	8.76%		6.64%		9.75%		7.09%	

Duke Energy Progress
Electric Accounting & Pro Forma Adjustments
Total Company
Twelve Months Ended December 31, 2014

Adj. #	Description	Revenues	O&M Expenses	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Tax @ 6.47%	Federal Income Tax @ 35%	Provision for Deferred Taxes	Plant in Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	Normalize O&M labor costs		(8,325,431)			538,655	2,725,371								
2	Update for increased/decreased benefits costs		4,278,753			(276,835)	(1,400,671)								
3	Annualize depreciation on year end plant balances			44,093,119		(2,852,825)	(14,434,109)			(44,093,119)					
4	Adjust the amount of EPIS in rate base			8,538,291		(552,427)	(2,795,052)		359,596,015	(8,538,291)					
5	Adjust the amount of CWIP in rate base										613,333,000				
6	Annualize property taxes on year end plant balances				1,905,859	(123,309)	(623,892)					193,474,593	(193,474,593)		
7	Eliminate Prior Period Taxes				(2,276,530)	5,321,023		1,510,267							
8	Eliminate SFAS 109														
9	Adjust Fuel Stock														
10	Eliminate DSM, EE, DSDR impacts	(95,383,000)	(75,226,000)	35,832,000	(936,000)	(3,601,000)	(18,008,000)		(215,833,581)	40,200,240		124,424,384	(193,435,222)		(12,442,454)
11	Adjust income taxes to synchronize interest expense for the adjusted test period rate base					333,485	1,687,293								
12	Eliminate Program Performance Incentives	(13,054,294)				(870,068)	(4,264,479)								
13	TOTAL - ALL PRO FORMAS	(108,437,289)	(79,272,678)	88,463,410	969,859	(9,680,855)	(31,792,510)	1,510,267	143,762,434	(12,431,170)	613,333,000	317,886,977	(386,509,815)	0	(12,442,454)

Duke Energy Progress
Electric Accounting & Pro Forma Adjustments
SC Retail
Twelve Months Ended December 31, 2014

Adj. #	Description	Revenues	O&M Expenses	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Tax @ 5%	Federal Income Tax @ 35%	Provision for Deferred Taxes	Plant in Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	Normalize O&M labor costs		(937,525)			46,876	311,727								
2	Update for increased/decreased benefits costs		483,305			(24,165)	(160,699)								
3	Annualize depreciation on year end plant balances			5,074,985		(253,749)	(1,687,433)								
4	Adjust the amount of EPIS in rate base			982,732		(49,137)	(326,756)		41,388,419	(5,074,985)					
5	Adjust the amount of CWIP in rate base									(982,732)	70,592,782				
6	Annualize property taxes on year end plant balances				219,359	(10,968)	(72,937)								
7	Eliminate Prior Period Taxes					(280,865)	612,434	168,664							
8	Eliminate SFAS 109														
9	Adjust Fuel Stock											21,817,037	(22,268,343)		
10	Eliminate DSM, EE, DSDR impacts	(18,520,000)	(10,713,000)	3,003,000	(379,000)	(522,000)	(3,468,000)		(30,907,369)	5,756,675		17,496,231	(26,869,909)		(1,385,019)
11	Adjust income taxes to synchronize interest expense for the adjusted test period rate base					74,725	523,075								
12	Eliminate Program Performance Incentives	(1,614,627)				(80,731)	(536,863)								
13	TOTAL - ALL PRO FORMAS	(20,134,627)	(11,167,220)	9,060,717	(159,641)	(1,100,015)	(4,805,454)	168,664	10,481,050	(301,041)	70,592,782	39,313,268	(49,138,252)	0	(1,385,019)

Duke Energy Progress
Statement of Fixed Assets - Electric
Twelve Months Ended December 31, 2014

Schedule 5

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
Gross Plant in Service							
1	Intangible Plant	321,918,180		321,918,180	36,495,040		36,495,040
2	Production	11,986,162,544	332,269,808	12,318,432,352	1,358,840,577	38,243,255	1,397,083,831
3	Transmission	2,284,581,434	14,130,755	2,298,712,189	258,997,151	1,626,407	260,623,559
4	Distribution	5,342,364,080	(207,772,254)	5,134,591,826	605,650,145	(29,979,533)	575,670,612
5	General	642,264,572	5,134,125	647,398,697	72,811,891	590,921	73,402,812
6	Common			-			-
7	Plant Held for Future Use	27,928,111		27,928,111	3,214,442		3,214,442
8	Total Gross Plant in Service	20,605,218,921	143,762,434	20,748,981,355	2,336,009,246	10,481,050	2,346,490,296
Construction Work in Progress							
9	Production		499,249,000			57,462,057	
10	Transmission		82,016,000			9,439,795	
11	Distribution		33,954,000			3,908,003	
12	General		(1,886,000)			(217,073)	
13	Common						
14	Total Construction Work in Progress	-	613,333,000	613,333,000	-	70,592,782	70,592,782

Duke Energy Progress
Reserve for Depreciation - Electric
Twelve Months Ended December 31, 2014

Schedule 6

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
1	Intangible Plant	(216,614,455)		(216,614,455)	(24,707,866)		(24,707,866)
2	Production	(5,493,876,296)	(43,863,574)	(5,537,739,870)	(646,110,827)	(5,048,565)	(651,159,393)
3	Transmission	(744,760,107)	(1,416,870)	(746,176,977)	(84,950,162)	(163,077)	(85,113,240)
4	Distribution	(2,714,226,507)	33,627,266	(2,680,599,241)	(309,594,968)	5,000,146	(304,594,822)
5	General	(264,052,925)	(777,992)	(264,830,917)	(30,118,878)	(89,545)	(30,208,423)
6	Common						
7	Total Reserve for Depreciation	<u>(9,433,530,290)</u>	<u>(12,431,170)</u>	<u>(9,445,961,460)</u>	<u>(1,095,482,702)</u>	<u>(301,041)</u>	<u>(1,095,783,743)</u>

Duke Energy Progress
Other Rate Base Items - Electric
Twelve Months Ended December 31, 2014

Schedule 7

Line		Total Company				SC Retail			
No.	Description	Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$		
1	Unamortized Debt Expense	33,936,880		33,936,880	3,906,033		3,906,033		
2	Design Basis	14,569,801		14,569,801	1,552,896		1,552,896		
3	SFAS 158	292,883,955		292,883,955	32,981,612		32,981,612		
4	GridSouth	3,676,168		3,676,168	3,676,168		3,676,168		
5	Rate Case Costs	2,034,979		2,034,979	-		-		
6	SFAS 109	193,474,593	(193,474,593)	-	22,268,343	(22,268,343)	-		
7	PSNC Pipeline	613,919		613,919	65,433		65,433		
8	SC Pollution Control Deferral	29,053,905		29,053,905	29,053,905		29,053,905		
9	DSM	193,435,222	(193,435,222)	-	26,869,909	(26,869,909)	-		
10	Coal Inventory Rider	483,322		483,322	-		-		
11	Accum Provision for Pensions & Benefits	(263,293,786)		(263,293,786)	(29,627,444)		(29,627,444)		
12	Accum Misc Operating Provisions	105,185,203		105,185,203	11,836,089		11,836,089		
13	Customer Advances For Construction	(7,902,571)		(7,902,571)	(1,039,305)		(1,039,305)		
14	End of Life Reserves	(12,777,634)		(12,777,634)	-		-		
15	Emission Allowances Proceeds	(8,677,463)		(8,677,463)	-		-		
16	DOE Refund	(9,346,613)		(9,346,613)	-		-		
17	REPS	(63,899,582)		(63,899,582)	-		-		
18	Sale of Harris Land Deferral	(5,259,759)		(5,259,759)	-		-		
19	NCDT Overfund - SC	(3,008,770)		(3,008,770)	(3,008,770)		(3,008,770)		
20	SC Fukushima Deferral	2,350,983		2,350,983	2,350,983		2,350,983		
21	COR Settlement	20,000,000		20,000,000					
22	NC Tax Rate Change	(75,850,385)		(75,850,385)	(23,473,873)		(23,473,873)		
23									
24									
25	Total Deferred Debits/Credits	441,682,366	(386,909,815)	54,772,551	77,411,980	(49,138,252)	28,273,728		

Duke Energy Progress
Total Working Capital - Electric
Twelve Months Ended December 31, 2014

Schedule 8

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
1	Twelve Month O&M Expenses	3,532,754,167		3,532,754,167			-
	Less: Purchased Power/Sales to Other Utilities - Net	281,549,528		281,549,528			-
	Nuclear Fuel Expense	183,322,114		183,322,114			-
	Amortization of Property Losses	24,363,662		24,363,662			-
1a	Adjusted O&M	3,043,518,863	-	3,043,518,863	343,779,510	-	343,779,510
2	Working Cash (1/8 of O&M Expenses on Line 1)	380,439,858		380,439,858	42,972,439		42,972,439
3	Accrued Utility Revenue	118,606,359		118,606,359	16,828,998		16,828,998
4	Prepayments	43,658,931		43,658,931	4,936,535		4,936,535
5	Total Investor Advanced Funds	542,705,148	-	542,705,148	64,737,972	-	64,737,972
6	Less: Customer Deposits	(134,583,914)		(134,583,914)	(19,829,198)		(19,829,198)
7	Average Tax Accruals	(62,471,189)		(62,471,189)	(7,063,645)		(7,063,645)
8	Nuclear Refueling						
9	Injuries and Damages	(6,460,209)		(6,460,209)	(726,943)		(726,943)
10	Total Working Capital	<u>339,189,836</u>	<u>-</u>	<u>339,189,836</u>	<u>37,118,186</u>	<u>-</u>	<u>37,118,186</u>

Duke Energy Progress
Materials & Supplies - Electric
Twelve Months Ended December 31, 2014

Schedule 9

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
Fuel Stock							
1	Nuclear	355,251,783		355,251,783			
2	Fossil	290,169,458	(12,442,454)	277,727,004	39,544,487	(1,385,019)	39,544,487
3	Total Fuel Stock	645,421,241	(12,442,454)	632,978,787	32,299,914		30,914,895
4	Emission Allowances	71,871,639		71,871,639	71,844,401	(1,385,019)	70,459,382
5	Other Electric Materials and Supplies	791,364,189		791,364,189	275,463		275,463
6	Total Materials & Supplies	<u>1,508,657,069</u>	<u>(12,442,454)</u>	<u>1,496,214,615</u>	<u>75,959,145</u>	<u>(1,385,019)</u>	<u>75,959,145</u>
					<u>148,079,010</u>		<u>146,693,991</u>

Duke Energy Progress
Cost of Capital - Electric Operations
Twelve Months Ended December 31, 2014

Schedule 10

Per Books													As Adjusted				
Line No.	Description	Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)				
1	Long Term Debt 1/	6,045,507,681	49.43%	\$ 5,208,620,624	3.91%	1.93%	\$ 203,769,174	6,045,507,681	49.91%	\$ 5,589,645,945	3.91%	1.95%	\$ 218,675,465				
2	Preferred Stock	-						-									
3	Common Equity	6,183,722,675	50.57%	5,327,702,347	8.76%	4.43%	466,519,025	6,067,400,568	50.09%	5,609,887,998	6.64%	3.32%	372,233,357				
4	Total	12,229,230,356	100.00%	\$ 10,536,322,971			\$ 670,288,199	12,112,908,249	100.00%	\$ 11,199,533,943			\$ 590,908,822				

SC Retail

Per Books													As Adjusted												
Line No.	Description	Amount	Ratio	Retail Rate Base	Embedded Cost/ Return	Weighted Cost/ Return	Operating Income	Amount	Ratio	Retail Rate Base	Embedded Cost/ Return	Weighted Cost/ Return	Operating Income												
		(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)	(Col. 8)	(Col. 9)	(Col. 10)	(Col. 11)	(Col. 12)												
5	Long Term Debt	\$ 6,045,507,681	49.43%	\$ 580,025,520	3.91%	1.93%	\$ 22,691,482	\$ 6,045,507,681	49.91%	\$ 620,314,124	3.91%	1.95%	\$ 24,267,634												
6	Preferred Stock	-						-																	
7	Common Equity	6,183,722,675	50.57%	593,286,313	9.75%	4.93%	57,862,809	6,067,400,568	50.09%	622,560,498	7.09%	3.55%	44,131,685												
8	Total	12,229,230,356	100.00%	\$ 1,173,311,833		2/	\$ 80,554,291	12,112,908,249	100.00%	\$ 1,242,874,622		2/	\$ 68,399,318												

1/ - Long Term Debt includes:
First Mortgage Bonds
Unamortized Discounts on LTD
less Unamortized Loss on Recquired Debt

2/ - Includes approximately \$4M net of tax of Cost to Achieve.